

EXHIBIT DI

[PUBLIC VERSION]



March 3, 2022

The Honorable Esther George, President and Chief Executive Officer
Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, MO 64198

Dear President George:

Custodia's Board of Directors has directed me to escalate to you (and Governor Brainard (cc'd)) in writing our concerns regarding the Federal Reserve not yet processing our master account and Federal Reserve membership applications, as well as inconsistencies in guidance between Board and Reserve Bank staff. As you may recall, when we first met on November 10, 2020, you made a commitment to us that Custodia's master account application process would be "timely and transparent." Unfortunately, the process has been neither. Custodia hopes that this letter will help us find a timely and transparent path forward. Custodia provided our business plan to the Reserve Bank in June 2020, filed our master account application in October 2020, and filed our membership application in August 2021. We have patiently worked with your team and have responded to all information requests, literally providing thousands of pages of information. But, in our meeting with Reserve Bank staff yesterday, we learned that our master account application review process has not yet formally begun (and, apparently, neither has our membership application).

These extreme delays are costing Custodia dearly (our cash burn rate is approximately \$500,000 monthly) and are triggering expensive change orders with our core provider.

As far as we can tell, a key contributor to these delays has been significant gaps in communication and coordination between Board and Reserve Bank staff. Despite numerous meetings and calls, we have been unable to identify anyone in the Federal Reserve System who has taken a leadership role in coordinating the review of Custodia's applications. We have also heard inconsistent interpretations of legal issues or guidance or implications for our applications, and explanations have changed over time.

For example, last year, Reserve Bank staff told us that its risk assessment would be coordinated jointly for the master account application and the membership application. But yesterday, staff said that none of the significant information requests to which we have been responding all along have even been included in the formal application review process for either our master account or membership applications, and that there will be two separate risk assessment tracks for our applications, with no timeline for either.

It has been 14 months since Tara Humston, your head of Supervision and Risk Management, told us that she saw "no showstoppers" with Custodia's master account application. We have provided all requested information during this period. Moreover, we also filed for Federal Reserve membership, embracing Federal

Reserve supervision and regulation as a state member bank. We not only want to comply, but we have complied in a timely and transparent way.

We agree with Governor Brainard that much of fintech should come within the bank regulatory perimeter, and we believe our business plan does so in a safe and sound way for digital assets generally and stablecoins specifically. That is why Custodia both applied to become a member bank and is also in the final stages of the FDIC's draft application process. As we all know, though, the reality is that – at this time – FDIC insurance is simply not available to banks natively involved in digital assets. That leaves one option for those of us in digital assets: special purpose depository institutions ("SPDIs"). As I understand it, from 2018-2020 the State of Wyoming incorporated substantial feedback from your staff regarding the SPDI charter draft statute, rules and supervisory exam manual, which makes the extensive delays in processing our master account application even more surprising.

Every step Custodia has taken has been in good faith, with a desire to bring serious technology improvements to the banking system in a safe and sound way and without posing material risk to the payment system.

In the face of all the above facts, Custodia's Board is confused and frustrated. Our Board, mindful of its fiduciary duties to Custodia's shareholders, asks:

1. Can the Federal Reserve articulate to us a timely action plan to begin processing our applications, and who will be our single point of contact to execute that plan?
2. How are we to interpret the extreme delay in starting the processing of our applications, especially in light of the broader backdrop?
3. What are our options? Our Board asked me to explore all options.

I would respectfully ask that you help me answer our Board's questions. Our Board would welcome a meeting with you and your senior management responsible for our applications. Our immediate goal is to find a way to make the application process transparent as well as timely from today forward. It will be two years in June since your team first received Custodia's materials. I sincerely hope that, by that two-year anniversary in June, we finally have a resolution.

Sincerely,



Caitlin Long
CEO, Custodia Bank

cc: Chair Jerome Powell
Governor Lael Brainard
Mark Van Der Weide, Esq.